PART IV

Section 1-C

GENERAL STATUTORY RULES AND STATUTORY ORDERS ISSUED BY THE CENTRAL GOVERNMENT AND ORDERS MADE BY THE PRESIDENT AND REPUBLISHED BY THE STATE GOVERNMENT

FOOD, CIVIL SUPPLIES AND LABOUR SECRETARIAT

NOTIFICATION

No. FCL 312 FCS 72, Bangalore, dated 27th September 1972.

Ordered that the accompanying Resolution No. 3/4/70-PPD, dated 6th September 1972, of the Government of India, Ministry of Petroleum and Chemicals, New Delhi, to be published in the *Gazette of India*, be re-published in the *Mysore Gazette* for general information.

By Order and in the name of the Governor of Mysore

M. D. GOVINDARAJ,

Under Secretary to Government,

121. *Food, Civil Supplies and Labour Department.*

No. 3/4/70-PPD

GOVERNMENT OF INDIA

(BHARAT SARKAR)

MINISTRY OF PETROLEUM AND CHEMICALS
(PETROLEUM AUR RASAYAN MANTRALAYA)

Resolution

In its Resolution No. 1/78/69-PPD dated the 11th May 1970, the Government of India announced the decisions taken on the Report of the Oil Prices Committee (Hereinafter referred to as OPC) set up in June 1968. The Supplemental Report of the OPC, which was received subsequently, deals with the pricing of lube-base stocks, lubricants and greases etc.

2.1. After a careful study of this Report, the Government has decided to accept in principle the OPC's recommendation, namely, that the ex-refinery prices of specified lube base stocks should be fixed on the basis of the estimated cost of imports using the lowest FOB price of actual import of equivalent grades and, in the absence of such equivalent grades having been imported, the computed lowest FOB price from the price of the nearest Comparable blend of imported grades. However, the FOB prices in respect of the imported stocks, which the OPC had used for computing the prices of indigenous products, had to be re-worked on the basis of the actual pour-points of these imported stocks. The reason for this was that the OPC had overlooked the actual pour-points of the imported stocks whose FOB prices it had adopted as the basis on the incorrect assumption that all of them had a pour-point below a certain level. Thus, in making re-calculations and determining the extent of price reduction justified as a result of higher pour-point, price data relating to products with correct pour points have been used. In the case of Pale Oils, however, reduction on account of pour-point was considered necessary only if the base stocks made from them have a pour point higher than +37° F which is the maximum pour-point mentioned in the I.S.I specification (IS 493-1958) for machinery and spindle oils in the blending of which Pale Oils are used and no adjustment was considered necessary for "quality".

2.2. As regards Transformer Oil Base Stock, it has been decided to accept, for the present, the basis suggested by the OPC for fixing the ex-refinery price using the lowest FOB cost paid when this product was actually imported in India prior to its production indigenously.

2.3. As the wharfage rates of Madras Port increased after the the submission of the Report of OPC, revised wharfage rates at Madras have been taken into account in determining the prices of lube base stocks at Madras. The ceiling selling ex refinery prices, based on the recommendations made by OPC as modified by the Government, in respect of 22 lube base stocks including Transformer Oil Base Stock are being notified to the Oil companies separately.

2.4. The Committee has suggested that the prices now being fixed for lube base stocks should remain in force for a period of 3 years during which no adjustment will be made for changes in FOB costs, fluctuations in marine freight, insurance, wharfage or other elements of import cost exclusive of duty and further that adjustment will be made for variations in the rates of customs duty and additional excise duty. This recommendation has been accepted with the following modifications :—

(a) The prices as determined now will be applicable initially till 1st June 1972 so as to be co-terminous with the period of validity of the pricing of bulk refined petroleum products

as decided by Government and set out in the Resolution referred to in para 1 above.

(b) The ex-refinery prices should be fixed without adding the additional excise duty *payable by the marketing companies*. In case such a duty is paid by the refinery at the time of delivery of the product, the same shall be reimbursed to the refinery by the marketing company concerned.

(c) No adjustment need be made in the selling prices on account of future variations in the rates of import duty.

2.5 The Government has already decided to mop up the adventitious gains accruing to Lube Refineries on account of the customs duty element being higher than the excise duty on indigenous lube base stocks.

3. The Committee has suggested that the prices of indigenous lube base stocks for which no ceiling selling prices have been recommended by it and of the products that continued to be imported, the seller may continue to determine the price as at present. This recommendation is accepted with the proviso that the Government reserves the right to fix, as and when it considers it necessary to do so, the ceiling ex-refinery selling prices of additional lube base stocks or new lube base stocks which may be produced in future.

4. The recommendation of the OPC that as it was not feasible to fix the price of each grade of lubricants and greases at present, the price control over these products should continue to be under "Block Control" system as at present, has been accepted by Government and the decision conveyed in para 2.6 (a) of the Government's Resolution referred to in para 1 above will apply to this case also.

5. The Government accepts the recommendation of the Committee that the rate of commission paid to the dealers on Light Diesel Oil should continue to remain at the present level of Rs. 6.60 per KL and that the local authorities may allow recovery of any extra expenditure incurred by agents/dealers under local conditions.

(Sd) B. MUKERJI,
Secretary to Government of India.

New Delhi,
the 6th September 1972.

ORDER

Ordered that a copy of this Resolution be communicated to all the State Governments, Union Territory Administrations, Lok Sabha Secretariat, Rajya Sabha Secretariat and the concerned Ministries and Departments of the Government of India.

Ordered also that the Resolution be published in the *Gazette of India* for general information.

(Sd) B. MUKERJI,
Secretary to Government of India.

New Delhi,
the 6th September 1971.

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